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United States General Accounting Office
Washington, DC 20548

Office of
General Counsel

July 12, 1979

In Reply
Refer to: B-195106

10,739

Mr. Paul H. Taylor
Fiscal Assistant Secretary
Department of the Treasury

AGC00038

per name

Dear Mr. Taylor:

Request for

Your letter of June 4, 1979, (reference to B-195106) requests relief from liability for Mr. Robert Pacheco for the incorrect payment of \$3,594.33 of Government funds from the Chicago Disbursing Center. Mr. Pacheco was the Director of the Chicago Disbursing Center when the loss occurred. We agree that Mr. Pacheco should be granted relief.

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31 U.S.C. § 82a-2(a) (1976) provides the basis for granting relief to a disbursing officer for the incorrect payment of Government funds:

"Whenever (1) any deficiency exists or occurs in the official disbursing accounts of any disbursing officer or former disbursing officer of any department, agency, or independent establishment of the Government in consequence of the making of any illegal, improper, or incorrect payment, and (2) the Comptroller General or any officer of the General Accounting Office designated by the Comptroller General determines, upon his own motion or upon written findings and recommendations made by the head of the department, agency, or independent establishment concerned, or his designees for that purpose, that such payment was not the result of bad faith or lack of due care on the part of such disbursing officer, the Comptroller General or his designee is authorized in his discretion to relieve such disbursing officer of accountability and responsibility, and allow credit in his official disbursing accounts, for such deficiency. Such relief may be denied in any case in which the Comptroller General or his designee determines that the department, agency, or independent establishment concerned has not diligently pursued collection action in accordance with procedures prescribed by the Comptroller General."



Letter

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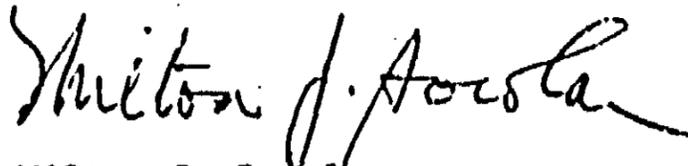
The Department recommends to us that Mr. Pacheco should not be held liable. The record also indicates that the Department has diligently pursued collection action as required.

There were three significant breakdowns that led to the incorrect payment. First of all, the overpayment resulted from the erroneous issuance of a second check to Patricia A. Wright, instead of Patricia W. Wright. During the printing of the checks, the machine stopped. After reassembling the checks, the machine started and a check for \$1.56 was properly issued to Patricia A. Wright. However, the machine failed to advance the voucher schedule continuation sheet and the second check was also issued to Patricia A. Wright. Second, the clerk failed to notice the error during the verification process. Third, the mother of the person who was incorrectly issued the check states that when she called the Disbursing Office about the check, the error was not recognized and the recipient, who also called the Civil Service Commission about the matter, was advised to cash the check.

None of these circumstances was the proximate result of bad faith or lack of due care by Mr. Pacheco. The record indicates that he followed established procedures, and properly instructed and supervised his subordinates. These procedures do not require the Disbursing Officer to personally inspect each check prior to issuance. The volume of work processed by the Chicago Disbursing Center (7.7 million copies in July 1974) prevents the Director from reviewing each item individually. The misplacement of a middle initial is the kind of error that occasionally escapes notice even in a properly established and supervised verification system. The Director must rely upon his subordinates to work accurately. See B-187180, September 21, 1976, B-192109, October 11, 1978. Further collection action was taken through referral to the Secret Service which reported that the debt was uncollectible.

Therefore, under the authority contained in 31 U.S.C. § 82a-2, we grant Mr. Pacheco relief from liability as requested.

Sincerely yours,



Milton J. Socolar
General Counsel